



Derby City Council

**Corporate Services Scrutiny Review Board
16 August 2018**

ITEM 6

Report of the Interim Strategic Director of
Corporate Resources

Derby City Council's Corporate Asset Management Plan and Delivery Programme 2018-2023

SUMMARY

- 1.1 The Council's property portfolio is a key resource which has a substantial financial value (capital valuation of circa £500 million, excluding residential properties). The portfolio is vital for the delivery of public services for our residents and to support Council priorities including the growth and development of Derby City.

Whilst the property portfolio is an asset, its retention, use and management requires revenue expenditure of around £10 million per annum. If it is not maintained efficiently and used effectively it can become expensive to operate and failure to maintain it adequately will create a risk of service disruption and breach of duties as a property owner and occupier.
- 1.2 DCC has adopted a corporate approach to the planning and management of the property portfolio to support the delivery of the Council's service needs and achieve corporate objectives. This is led by the Property Team located within Corporate Resources directorate.

In addition to the efficient use and adequate management of the current portfolio the Property team is responsible for coordinating and planning the provision of facilities that will be required to meet future service delivery needs and developing assets to support wider regeneration priorities.
- 1.3 The Property team is currently working with services to prepare a new Corporate Asset Management Plan (AMP) covering the period of 2018-23. This will set out the strategic direction for the use, management and development of Derby City Council's property assets.
- 1.4 The AMP is a Council Plan, it emphasises that property is owned corporately by the Council and not the services who occupy them. This concept forms the basis of the Council's "Corporate Landlord" approach to the management of its property portfolio. The AMP will seek to further develop the Council's Corporate Landlord model.
- 1.5 In order to meet the Council's requirement to fulfil its corporate objectives, a draft 5 year AMP Delivery Plan has been compiled for endorsement by the Council's Cabinet meeting in September 2018.

RECOMMENDATION

- 2.1 To note the background and information contained within this report regarding the Corporate Asset Management Plan (AMP) and comment on the approach being adopted.

REASONS FOR RECOMMENDATION

- 3.1 To provide an overview to Corporate Services Scrutiny Board regarding the Corporate Asset Management Plan and associated Corporate Delivery Programme.

SUPPORTING INFORMATION

- 4.1 It is recognised that Property provides the physical fabric which enables the Council to deliver its strategic objectives. The failure of this fabric could lead to the severe disruption to the Council's ability to deliver its objectives and increase strain on the Council's financial resources; however, an effectively managed portfolio can make a positive contribution to the Council's financial position through reduced operating cost, the generation of capital receipts and the creation of a sustainable source of revenue income.
- 4.2 The Corporate AMP sets the strategic direction for the use, management and development of Derby City Council's property assets.
- 4.3 The Corporate AMP and associated Delivery Programme also provide key inputs into the Councils Capital Strategy; Medium Term Financial Plan and Capital programme. This input allows the Council to agree the prioritisation of work and associated resources in order to undertake the relevant changes to the Councils' property portfolio.
- 4.4 To ensure the effective and efficient use of resources, property assets must be managed corporately for the following three purposes to support the Council's vision, these are:-
- To support efficient and effective service delivery.
 - To support regeneration and development and enable the Council to achieve its objectives set out in respect of the City Centre Master plan and other regeneration plans.
 - To rationalise, develop and improve the portfolio to underpin the capital programme and revenue budget through, disposals, development and income generation.

- 4.5 The aim of the Corporate AMP is to “ensure that the Council's property assets are effectively used and monitored in order to deliver the Council's objectives”.

This means ensuring that each asset has an identified purpose and it is maintained in a condition that ensures that it is fit for purpose and that it provides a safe and secure environment for the users of the building.

- 4.6 The Core principles and approach to asset management planning are set out below:-

- i) The property portfolio must remain aligned to Service area requirements.
- ii) The property portfolio is continuously reviewed to ensure a fit for purpose property estate including factors such as location/condition/suitability/revenue costs, which means:-

Assets that are under performing/not fit for purpose will be released and disposed through the Capital Disposals Programme / external partners (e.g. One Public Estate) resulting in the extinguishment of liabilities and ongoing vacant management costs

Assets that are performing well will be retained for service delivery and may undergo capital investment via the Capital Programme. These assets will be effectively managed via a Maintenance/Compliance Programme undertaken by the Council

- iii) Property performance is continuously monitored to ensure risks are highlighted and monitored

- iv) Vacant assets are risk assessed and continuously reviewed, which means:-

Retained assets will be subsequently monitored and managed - short term “meanwhile uses” will be considered

Assets surplus to the Council's requirements will be subsequently sold via the Council's Capital Disposals Programme (as per (ii) above)

- 4.7 Service areas within each of the three Council Directorates are encouraged, in conjunction with the Property Team, to continuously review and consider their use of assets as part of service and business planning.

- 4.8 The Property Team has been working with colleagues in the respective service areas with the objective of creating a draft outline Corporate Asset Management Delivery Programme. This programme will run over a 5 year term setting out 4 primary work streams and accompanying projects to ensure the portfolio is able to meet the Council's corporate objectives.

A visual representation of the Corporate Asset Management Plan and associated work streams is included within Appendix 2.

4.9 These 4 work streams reflect the key elements of the Corporate AMP and are detailed below:-

1. **Service Reviews** - This work stream covers the changing needs of the services including any transformational change. These reviews will be service driven. Examples of projects include; Community Management of Libraries, Review of Care Homes.
2. **Property Reviews** - This work stream covers work which has been instigated through the process of asset challenge; performance monitoring or property rationalisation programme. This work will be driven /instigated by the Council's Property Team. Examples of projects include; Vacant Properties Management, Review of Non-Operational Properties (such as Estates Shops and non-public open spaces)
3. **Regeneration and Place Making** – This work stream incorporates projects relating to supporting the delivery of the Council's Growth, Housing and Regeneration priorities. Examples of projects include Becketwell and Our City Our River (Flood defences)
4. **Changes to the Portfolio** – This work stream comprises projects that will lead to the improvement both in the performance and fitness of purpose of the portfolio and reflect both the existing and future needs of the Council. This includes the Council's Capital Programme and Property Disposals Programme.

4.10 Challenges

The Corporate AMP and Delivery Plan reflects the corporate approach of ensuring that service requirements are captured, prioritised, resourced and delivered. Although this is a systematic way of dealing with the delivery of service requirements, there are a number of challenges around delivering these requirements, which are set out below.

i) Communication Strategy

The Corporate Asset Management Plan aims to ensure that property assets are corporately managed and although this is attuned to the fundamental principle of Corporate Landlord, already adopted by the Council, it will need to be led carefully as a transformational way of working with clear communication to all relevant stakeholders.

The approach will be formally endorsed at Cabinet and the Interim Director of property and the Head of Service for Strategic Asset Management & Estates are communicating information at various forums such as Director Briefings and Heads of Service briefings. In addition, a systematic programme of meetings has been scheduled with Heads of Services to ensure all requirements are captured.

ii) Resources

Resources held within the Council's Property Team are fundamental to capturing information from services and ensuring that projects are prioritised and delivered. A review of the Property Team is required to ensure that they are adequately resourced in order to ensure the successful delivery of the 4 work streams and 26 associated key projects set out in the Delivery Plan.

iii) Maintenance Budget

The Delivery Programme spans a 5 year term which resulting in those assets scheduled to undergo transformation at the latter stages of the 5 year programme continuing to be maintained. Although the condition of the assets will be taken into account when prioritising the Delivery programme and priority given to those properties in the poorer condition, given the time required to dispose of property/change its use, this may result in an ongoing maintenance budget/capital spend until solutions are finalised.

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| OTHER OPTIONS CONSIDERED |
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5.1 None

This report has been approved by the following officers:

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| Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s) | Jayne Sowerby-Warrington, Head of Strategic Asset Management & Estates Dinesh Kotecha, Interim Director of Property |
| For more information contact: Background papers: List of appendices: | Jayne Sowerby-Warrington 01332 643337 Jayne.Sowerby-Warrington@derby.gov.uk None Appendix 1 – Implications Appendix 2 - Asset Management Plan (Visual Representation) |

IMPLICATIONS

Financial and Value for Money

- 1.1 There are no direct financial implications arising from this report. The development of a systematic Corporate AMP and delivery of the work programme will have a positive impact on the Council's finances. These will be dealt with on an ongoing basis.

Legal

- 2.1 There is the overriding responsibility under Section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable from all property transactions.

Personnel

- 3.1 There are no personnel implications arising from this report.

IT

- 4.1 The recommendations do not give rise to any IT issues. However, it is recognised that any decision regarding the closure of buildings will need to take into account any specific IT issues.

Equalities Impact

- 5.1 The proposed scheme incorporated provides accessibility to both buildings to meet the requirements of the Equality Act 2010.

Health and Safety

- 6.1 There are no Health and Safety issues arising directly from this report.

Environmental Sustainability

- 7.1 The disposal of surplus buildings will allow redundant buildings to be put back into economic use and assist in the regeneration of the surrounding areas.

Property and Asset Management

- 8.1 The relevant Property and Asset Management comments are incorporated into the report.

Risk Management

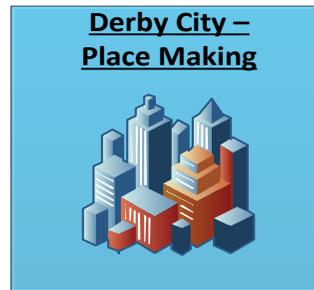
- 9.1 The approach will reduce the number of buildings and that should minimise risk.

Corporate objectives and priorities for change

- 10.1 The disposal of surplus property and the subsequent maintenance savings will contribute towards the required budget savings for the period of 2018-19.

Appendix 2

Corporate Asset Management Plan
Visual Representation



Housing Growth Regeneration

